

April 10, 2002

THE HONORABLE CHRISTINE O GREGOIRE
ATTORNEY GENERAL OF WASHINGTON
1125 WASHINGTON ST SE PO BOX 40100
OLYMPIA WA 98504-0100

Subject: Order of Referral – Permanent Offense PAC, Permanent Offense, Inc., and Tim Eyman, PDC Case No. 02-281 and Commission Recommendations on Citizen Action Letters

Dear Attorney General Gregoire:

Enclosed is the Order of Referral entered April 10, 2002 by the Public Disclosure Commission in PDC Case No. 02-281. The Order of Referral refers to your office multiple apparent violations of RCW 42.17 by Respondents Tim Eyman and Permanent Offense PAC.

Not addressed in the Order of Referral are the Commission's recommendations concerning other persons identified in a Citizen Action Letter sent to the Office of the Attorney General by Richard Smith and Knoll Lowney, representing Permanently Offended, on February 13, 2002 and a second letter, also sent on February 13, 2002, adding additional Respondents to the initial letter. Your office forwarded the Citizen Action Letters to the PDC for review and inclusion in our investigation into Permanent Offense PAC, Permanent Offense, Inc., Traffic Improvement Initiative Committee and Tim Eyman.

The Commission made the following recommendations regarding the allegations contained in the Citizen Action Letters:

Suzanne Karr

The Commission recommended that the Attorney General's Office move forward for what appear to be apparent multiple violations of RCW 42.17 by Suzanne Karr as follows:

- RCW 42.17.120 when Suzanne Karr concealed payments made to Tim Eyman from Permanent Offense PAC and Traffic Improvement Initiative Committee through Permanent Offense, Inc. for services he provided to Permanent Offense PAC and Traffic Improvement Initiative Committee;
- RCW 42.17.080 and 42.17.090 when Suzanne Karr failed to report in-kind contributions for management, accounting and database services Permanent Offense, Inc. provided to Permanent Offense PAC, and when she failed to report orders placed, debts and obligations for Permanent Offense PAC and Traffic Improvement Initiative Committee.

The Commission stated that if the Attorney General's Office declines to file a complaint in Superior Court or does not enter into a settlement based upon what appear to be multiple violations of RCW 42.17 by Suzanne Karr, the Public Disclosure Commission will give further consideration to this matter.

Monte Benham, Mike Fagan, and Jack Fagan

The investigation revealed no evidence that these individuals acted in a way to effect concealment, or that they personally violated the provisions of chapter 42.17 RCW. The Commission recommended that the Office of the Attorney General take no further action regarding Mssrs. Benham, Mike Fagan and Jack Fagan.

Karen Eyman

The investigation revealed no evidence that Karen Eyman acted in a way to effect concealment, or that she personally violated the provisions of chapter 42.17 RCW even though she did sign reports as treasurer that contained information related to the transfer of funds from Permanent Offense PAC to Permanent Offense, Inc. The Commission recommended that the Office of the Attorney General take no further action regarding Karen Eyman.

Traffic Improvement Initiative Committee and Permanent Offense, Inc.

The Commission recommended that the Office of the Attorney General take no further action against Traffic Improvement Initiative Committee since the committee filed its final report on December 11, 2000. PDC Staff withdrew its allegation that Permanent Offense, Inc. failed to register and report as a political committee and the Commission made no recommendation concerning other activities of Permanent Offense, Inc.

The Honorable Christine O. Gregoire, Attorney General of Washington
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It is my understanding that pursuant to the Commission's referral and recommendations from the meeting yesterday, the Attorney General's Office has filed suit as recommended by the Commission. If you have questions, please contact me at 586-4838.

Sincerely,

Vicki Rippie
Executive Director

Copies to be provided to:

Linda A. Dalton, Senior Assistant Attorney General
Counsel for Commission Staff

Nancy Krier, Assistant Attorney General
Counsel for Commission

John J. White, Counsel for Permanent Offense PAC

William J. Glueck, Counsel for Tim Eyman and Karen Eyman

Robert Zielke, Counsel for Suzanne Karr